

110TH CONGRESS
2D SESSION

S. 3500

To amend the Federal Water Pollution Control Act and the Safe Drinking Water Act to improve water and wastewater infrastructure in the United States.

IN THE SENATE OF THE UNITED STATES

SEPTEMBER 16, 2008

Mr. LAUTENBERG (for himself, Mrs. BOXER, Mr. VITTER, and Mr. INHOFE) introduced the following bill; which was read twice and referred to the Committee on Environment and Public Works

A BILL

To amend the Federal Water Pollution Control Act and the Safe Drinking Water Act to improve water and wastewater infrastructure in the United States.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE; TABLE OF CONTENTS.**

4 (a) SHORT TITLE.—This Act may be cited as the
5 “Water Infrastructure Financing Act”.

6 (b) TABLE OF CONTENTS.—The table of contents of
7 this Act is as follows:

Sec. 1. Short title; table of contents.

TITLE I—WATER POLLUTION INFRASTRUCTURE

- Sec. 101. Technical assistance for rural small treatment works and medium treatment works.
- Sec. 102. Projects eligible for assistance.
- Sec. 103. Affordability.
- Sec. 104. Water pollution control revolving loan funds.
- Sec. 105. Transferability of funds.
- Sec. 106. Noncompliance.
- Sec. 107. Negotiation of contracts.
- Sec. 108. Allotment of funds.
- Sec. 109. Authorization of appropriations.
- Sec. 110. Sewer overflow control grants.
- Sec. 111. Critical water infrastructure projects.

TITLE II—SAFE DRINKING WATER INFRASTRUCTURE

- Sec. 201. Contaminant prevention, detection, and response.
- Sec. 202. Drinking water technical assistance for communities.
- Sec. 203. Preconstruction work.
- Sec. 204. Priority system requirements.
- Sec. 205. Affordability.
- Sec. 206. Safe drinking water revolving loan funds.
- Sec. 207. Other authorized activities.
- Sec. 208. Authorization of appropriations.
- Sec. 209. Negotiation of contracts.
- Sec. 210. Critical drinking water infrastructure projects.
- Sec. 211. District of Columbia lead service line replacement.

TITLE III—MISCELLANEOUS

- Sec. 301. Definitions.
- Sec. 302. Program for water quality enhancement and management.
- Sec. 303. Agricultural pollution control technology grant program.
- Sec. 304. State revolving fund review process.
- Sec. 305. Cost of service study.
- Sec. 306. Water management study.

1 **TITLE I—WATER POLLUTION**

2 **INFRASTRUCTURE**

3 **SEC. 101. TECHNICAL ASSISTANCE FOR RURAL SMALL**

4 **TREATMENT WORKS AND MEDIUM TREAT-**

5 **MENT WORKS.**

6 (a) IN GENERAL.—Title II of the Federal Water Pol-
 7 lution Control Act (33 U.S.C. 1281 et seq.) is amended
 8 by adding at the end the following:

1 **“SEC. 222. TECHNICAL ASSISTANCE FOR RURAL SMALL**
 2 **TREATMENT WORKS AND MEDIUM TREAT-**
 3 **MENT WORKS.**

4 “(a) DEFINITIONS.—In this section:

5 “(1) DECENTRALIZED WASTEWATER SYSTEM.—

6 “(A) IN GENERAL.—The term ‘decentral-
 7 ized wastewater system’ means a wastewater
 8 treatment system that is at or near a site at
 9 which wastewater is generated.

10 “(B) INCLUSIONS.—The term ‘decentral-
 11 ized wastewater system’ includes a system that
 12 provides for—

13 “(i) nonpotable reuse of treated efflu-
 14 ent; or

15 “(ii) energy and nutrient recovery
 16 from wastewater constituents.

17 “(2) MEDIUM TREATMENT WORKS.—The term
 18 ‘medium treatment works’ means a publicly owned
 19 treatment works serving more than 10,000 but fewer
 20 than 100,000 individuals.

21 “(3) QUALIFIED NONPROFIT TECHNICAL AS-
 22 SISTANCE PROVIDER.—The term ‘qualified nonprofit
 23 technical assistance provider’ means a qualified non-
 24 profit technical assistance provider of water and
 25 wastewater services to small or medium-sized com-
 26 munities that provides technical assistance (includ-

ing circuit rider, multi-State regional assistance programs, and training and preliminary engineering evaluations) to owners and operators of small treatment works or medium treatment works that may include State agencies.

“(4) SMALL TREATMENT WORKS.—The term ‘small treatment works’ means a publicly owned treatment works serving not more than 10,000 individuals.

“(b) GRANT PROGRAM.—

“(1) IN GENERAL.—The Administrator may make grants on a competitive basis to qualified non-profit technical assistance providers that are qualified to provide assistance on a broad range of wastewater and stormwater approaches—

“(A) to assist owners and operators of small treatment works and medium treatment works to plan, develop, and obtain financing for eligible projects described in section 603(c) or 518(c);

“(B) to provide financial assistance, in consultation with the State in which the assistance is provided, to owners and operators of small treatment works and medium treatment works for predevelopment costs (including costs

1 for planning, design, and associated
2 preconstruction activities, such as activities re-
3 lating directly to the siting of the facility and
4 related elements) associated with stormwater or
5 wastewater infrastructure projects or short-
6 term costs incurred for equipment replacement
7 that is not part of regular operation and main-
8 tenance activities for existing stormwater or
9 wastewater systems, if the amount of assistance
10 for any single project does not exceed \$50,000;

11 “(C) to provide technical assistance and
12 training for owners and operators of small
13 treatment works and medium treatment works
14 to enable those treatment works and systems to
15 protect water quality and achieve and maintain
16 compliance with this Act; and

17 “(D) to disseminate information to owners
18 and operators of small treatment works and
19 medium treatment works, with respect to plan-
20 ning, design, construction, and operation of
21 treatment works, small municipal separate
22 storm sewer systems, and decentralized waste-
23 water treatment systems.

24 “(2) DISTRIBUTION OF GRANT.—In carrying
25 out this subsection, the Administrator shall ensure,

1 to the maximum extent practicable, that technical
 2 assistance provided using funds from a grant under
 3 paragraph (1) is made available in each State.

4 “(3) CONSULTATION.—As a condition of receiv-
 5 ing a grant under this subsection, a qualified non-
 6 profit technical assistance provider shall agree to
 7 consult with each State in which grant funds are to
 8 be expended before the grant funds are expended in
 9 the State.

10 “(4) ANNUAL REPORT.—Not later than 60 days
 11 after the end of each fiscal year, a qualified non-
 12 profit technical assistance provider that receives a
 13 grant under this subsection shall submit to the Ad-
 14 ministrator a report that—

15 “(A) describes the activities of the quali-
 16 fied nonprofit technical assistance provider
 17 using grant funds received under this sub-
 18 section for the fiscal year; and

19 “(B) specifies—

20 “(i) the number of communities
 21 served;

22 “(ii) the sizes of those communities;
 23 and

1 “(iii) the type of assistance provided
 2 by the qualified nonprofit technical assist-
 3 ance provider.

4 “(c) AUTHORIZATION OF APPROPRIATIONS.—There
 5 are authorized to be appropriated to carry out this sec-
 6 tion—

7 “(1) for grants for small treatment works,
 8 \$25,000,000 for each of fiscal years 2009 through
 9 2013; and

10 “(2) for grants for medium treatment works,
 11 \$15,000,000 for each of fiscal years 2009 through
 12 2013.”.

13 (b) GUIDANCE FOR SMALL SYSTEMS.—Section 602
 14 of the Federal Water Pollution Control Act (33 U.S.C.
 15 1382) is amended by adding at the end the following:

16 “(c) GUIDANCE FOR SMALL SYSTEMS.—

17 “(1) DEFINITION OF SMALL SYSTEM.—In this
 18 subsection, the term ‘small system’ means a sys-
 19 tem—

20 “(A) for which a municipality or inter-
 21 municipal, interstate, or State agency seeks as-
 22 sistance under this title; and

23 “(B) that serves a population of not more
 24 than 10,000 individuals.

1 “(2) SIMPLIFIED PROCEDURES.—Not later than
 2 1 year after the date of enactment of this sub-
 3 section, the Administrator shall assist the States in
 4 establishing simplified procedures for small systems
 5 to obtain assistance under this title.

6 “(3) PUBLICATION OF MANUAL.—Not later
 7 than 1 year after the date of enactment of this sub-
 8 section, after providing notice and opportunity for
 9 public comment, the Administrator shall publish—

10 “(A) a manual to assist small systems in
 11 obtaining assistance under this title; and

12 “(B) in the Federal Register, notice of the
 13 availability of the manual.”.

14 **SEC. 102. PROJECTS ELIGIBLE FOR ASSISTANCE.**

15 Section 603 of the Federal Water Pollution Control
 16 Act (33 U.S.C. 1383) is amended by striking subsection
 17 (c) and inserting the following:

18 “(c) PROJECTS ELIGIBLE FOR ASSISTANCE.—Funds
 19 in each State water pollution control revolving fund shall
 20 be used only by a municipality or an intermunicipal, inter-
 21 state, or State agency (or, for the purpose of paragraph
 22 (1), by either of those entities or a private treatment
 23 works or decentralized wastewater system that principally
 24 treats municipal wastewater or domestic sewage)—

1 “(1) to provide financial assistance for con-
2 struction activities (such as expansion to meet needs
3 of existing development), including planning design,
4 and associated preconstruction planning activities
5 (as defined in section 212)—

6 “(A) to implement a management program
7 established under section 319; and

8 “(B) to develop and implement a conserva-
9 tion and management plan under section 320;
10 “(2) to increase the security of wastewater
11 treatment works (excluding any expenditure for op-
12 erations or maintenance);

13 “(3) to implement measures to control, manage,
14 reduce, treat, infiltrate, or reuse municipal
15 stormwater, the primary purpose of which is the
16 protection, preservation, or enhancement of water
17 quality to support public purposes, including pro-
18 curement and use of equipment to support minimum
19 measures such as street sweeping and storm drain
20 system cleaning;

21 “(4) to carry out water conservation or effi-
22 ciency projects, the primary purpose of which is the
23 protection, preservation, or enhancement of water
24 quality to support public purposes;

1 “(5) to implement measures to integrate water
2 resource management planning and implementation;

3 “(6) to carry out water and wastewater reuse,
4 reclamation, and recycling projects, the primary pur-
5 pose of which is the protection, preservation, or en-
6 hancement of water quality to support public pur-
7 poses; and

8 “(7) for capital costs associated with moni-
9 toring equipment for combined or sanitary sewer
10 overflows.”.

11 **SEC. 103. AFFORDABILITY.**

12 (a) IN GENERAL.—Section 603 of the Federal Water
13 Pollution Control Act (33 U.S.C. 1383) is amended—

14 (1) by redesignating subsections (e) through (h)
15 as subsections (g) through (j), respectively;

16 (2) in subsection (d)—

17 (A) in paragraph (1)—

18 (i) in subparagraph (A), by striking
19 “20 years” and inserting “the lesser of 30
20 years or the design life of the project to be
21 financed with the proceeds of the loan”;
22 and

23 (ii) in subparagraph (B), by striking
24 “not later than 20 years after project com-

1 pletion” and inserting “upon the expiration
2 of the term of the loan”;

3 (B) in paragraph (6), by striking “and” at
4 the end; and

5 (C) in paragraph (7), by striking “title, ex-
6 cept that” and all that follows and inserting the
7 following:

8 “title, except that—

9 “(A) such amounts shall not exceed 6 per-
10 cent of all grant awards to the fund under this
11 title; and

12 “(B) if there is no appropriation for a fis-
13 cal year, the total amount of the reasonable
14 cost of administering the fund and conducting
15 activities under this title shall not exceed 6 per-
16 cent of all grant awards made by the State for
17 that fiscal year; and

18 “(8) as a source of revenue (restricted solely to
19 interest earnings of the fund) or security for pay-
20 ment of the principal and interest on revenue or
21 general obligation bonds issued by the State to pro-
22 vide matching funds under section 602(b)(2), if the
23 proceeds of the sale of the bonds will be deposited
24 in the fund.”; and

1 (3) by inserting after subsection (d) the fol-
2 lowing:

3 “(e) ADDITIONAL ASSISTANCE FOR DISADVANTAGED
4 COMMUNITIES.—

5 “(1) DEFINITION OF DISADVANTAGED COMMU-
6 NITY.—In this subsection, the term ‘disadvantaged
7 community’ means a community with a service area,
8 or portion of a service area, of a treatment works
9 that meets affordability criteria established after
10 public review and comment by the State in which the
11 treatment works is located.

12 “(2) LOAN SUBSIDY.—Notwithstanding any
13 other provision of this section, in a case in which the
14 State makes a loan from the water pollution control
15 revolving loan fund in accordance with subsection (c)
16 to a disadvantaged community or a community that
17 the State expects to become a disadvantaged com-
18 munity as the result of a proposed project, the State
19 may provide additional subsidization, including—

20 “(A) the forgiveness of all or a portion of
21 the principal of the loan; and

22 “(B) a negative interest rate on the loan.

23 “(3) TOTAL AMOUNT OF SUBSIDIES.—For each
24 fiscal year, the total amount of loan subsidies made
25 by the State pursuant to this subsection may not ex-

1 ceed 30 percent of the amount of the capitalization
2 grant received by the State for the fiscal year.

3 “(4) INFORMATION.—The Administrator may
4 publish information to assist States in establishing
5 affordability criteria described in paragraph (1).

6 “(f) COST-SAVING WATER TREATMENT AND EFFI-
7 CIENCY IMPROVEMENTS.—Subject to subsection (e)(3), in
8 providing a loan for a project under this section, a State
9 may forgive repayment of such portion of the loan amount,
10 not to exceed 5 percent, as is equal to the percentage of
11 the project that is devoted to alternative approaches to
12 wastewater and stormwater controls (including non-
13 structural methods) such as projects that treat or mini-
14 mize sewage or urban stormwater discharges using—

15 “(1) decentralized or distributed stormwater
16 controls;

17 “(2) decentralized wastewater treatment;

18 “(3) low-impact development technologies and
19 nonstructural approaches;

20 “(4) stream buffers;

21 “(5) wetland restoration and enhancement;

22 “(6) actions to minimize the quantity of and di-
23 rect connections to impervious surfaces;

24 “(7) soil and vegetation, or other permeable
25 materials;

1 “(8) actions that increase efficient water use,
2 water conservation, or water reuse.”.

3 (b) CONFORMING AMENDMENT.—Section 221(d) of
4 the Federal Water Pollution Control Act (33 U.S.C.
5 1301(d)) is amended in the second sentence by striking
6 “603(h)” and inserting “603(j)”.

7 **SEC. 104. WATER POLLUTION CONTROL REVOLVING LOAN**
8 **FUNDS.**

9 Section 603 of the Federal Water Pollution Control
10 Act (33 U.S.C. 1383) is amended by striking subsection
11 (i) (as redesignated by section 103(a)(1)) and inserting
12 the following:

13 “(i) PRIORITY SYSTEM REQUIREMENT.—

14 “(1) DEFINITIONS.—In this subsection:

15 “(A) RESTRUCTURING.—The term ‘re-
16 structuring’ means—

17 “(i) the consolidation of management
18 functions or ownership with another facil-
19 ity; or

20 “(ii) the formation of cooperative
21 partnerships.

22 “(B) TRADITIONAL WASTEWATER AP-
23 PROACH.—The term ‘traditional wastewater ap-
24 proach’ means a managed system used to col-

1 lect and treat wastewater from an entire service
2 area consisting of—

3 “(i) collection sewers;

4 “(ii) a centralized treatment plant
5 using biological, physical, or chemical
6 treatment processes; and

7 “(iii) a direct point source discharge
8 to surface water.

9 “(2) PRIORITY SYSTEM.—In providing financial
10 assistance from the water pollution control revolving
11 fund of the State, the State shall establish a priority
12 system that—

13 “(A) gives greater weight to an application
14 for assistance by the owner or operator of a
15 treatment works if the application includes—

16 “(i) an inventory of assets, including
17 a description of the condition of those as-
18 sets;

19 “(ii) a schedule for replacement of the
20 assets;

21 “(iii) a financing plan that factors in
22 all lifecycle costs indicating sources of rev-
23 enue from ratepayers, grants, bonds, other
24 loans, and other sources to meet the costs;

1 “(iv) a review of options for restruc-
2 turing the treatment works; or

3 “(v) approaches other than a tradi-
4 tional wastewater approach that treat or
5 minimize sewage or urban stormwater dis-
6 charges using—

7 “(I) decentralized or distributed
8 stormwater controls;

9 “(II) decentralized wastewater
10 treatment;

11 “(III) low-impact development
12 technologies and nonstructural ap-
13 proaches;

14 “(IV) stream buffers;

15 “(V) wetland restoration and en-
16 hancement;

17 “(VI) actions to minimize the
18 quantity of and direct connections to
19 impervious surfaces;

20 “(VII) soil and vegetation, or
21 other permeable materials; or

22 “(VIII) actions that increase effi-
23 cient water use, water conservation, or
24 water reuse;

1 “(vi) a demonstration of consistency
 2 with State, regional, and municipal water-
 3 shed plans, water conservation and effi-
 4 ciency plans, or integrated water resource
 5 management plans;

6 “(vii) a proposal by the applicant
 7 demonstrating flexibility through alter-
 8 native means to carry out responsibilities
 9 under Federal regulations, that may in-
 10 clude watershed permitting and other inno-
 11 vative management approaches, while
 12 achieving results that—

13 “(I) the State, in the case of a
 14 permit program approved under sec-
 15 tion 402, determines will meet permit
 16 requirements; or

17 “(II) the Administrator deter-
 18 mines are measurably superior when
 19 compared to regulatory standards;

20 “(B) takes into consideration appropriate
 21 chemical, physical, and biological data relating
 22 to water quality that the State considers rea-
 23 sonably available and of sufficient quality;

24 “(C) provides for public notice and oppor-
 25 tunity to comment on the establishment of the

1 priority system and the summary under sub-
 2 paragraph (D);

3 “(D) provides for the publication, not less
 4 than biennially in summary form, of a descrip-
 5 tion of projects in the State that are eligible for
 6 assistance under this title that indicates—

7 “(i) the priority assigned to each
 8 project under the priority system of the
 9 State; and

10 “(ii) the funding schedule for each
 11 project, to that extent the information is
 12 available; and

13 “(E) ensures that projects undertaken with
 14 assistance under this title are designed to
 15 achieve, as determined by the State, the opti-
 16 mum water quality management, consistent
 17 with the public health and water quality goals
 18 and requirements of this Act.”.

19 **SEC. 105. TRANSFERABILITY OF FUNDS.**

20 Section 603 of the Federal Water Pollution Control
 21 Act (33 U.S.C. 1383) (as amended by section 103(a)(1))
 22 is amended by adding at the end the following:

23 “(k) TRANSFER OF FUNDS.—

24 “(1) IN GENERAL.—The Governor of a State
 25 may—

1 “(A)(i) reserve not more than 33 percent
 2 of a capitalization grant made under this title;
 3 and

4 “(ii) add the funds reserved to any funds
 5 provided to the State under section 1452 of the
 6 Safe Drinking Water Act (42 U.S.C. 300j–12);
 7 and

8 “(B)(i) reserve for any year an amount
 9 that does not exceed the amount that may be
 10 reserved under subparagraph (A) for that year
 11 from capitalization grants made under section
 12 1452 of that Act (42 U.S.C. 300j–12); and

13 “(ii) add the reserved funds to any funds
 14 provided to the State under this title.

15 “(2) STATE MATCH.—Funds reserved under
 16 this subsection shall not be considered to be a State
 17 contribution for a capitalization grant required
 18 under this title or section 1452(b) of the Safe
 19 Drinking Water Act (42 U.S.C. 300j–12(b)).”.

20 **SEC. 106. NONCOMPLIANCE.**

21 Section 603 of the Federal Water Pollution Control
 22 Act (33 U.S.C. 1383) (as amended by section 105) is
 23 amended by adding at the end the following:

24 “(l) NONCOMPLIANCE.—

1 “(1) IN GENERAL.—Except as provided in para-
2 graph (2), no assistance (other than assistance that
3 is to be used by a treatment works solely for plan-
4 ning, design, or security purposes) shall be provided
5 under this title to the owner or operator of a treat-
6 ment works that has been in significant noncompli-
7 ance with any requirement of this Act for any of the
8 4 quarters during the preceding 8 quarters, unless
9 the treatment works is in compliance with an en-
10 forceable administrative order to effect compliance
11 with the requirement.

12 “(2) EXCEPTION.—An owner or operator of a
13 treatment works that is determined under paragraph
14 (1) to be in significant noncompliance with a re-
15 quirement described in that paragraph may receive
16 assistance under this title if the Administrator and
17 the State providing the assistance determine that—

18 “(A) the entity conducting the enforcement
19 action on which the determination of significant
20 noncompliance is based has determined that the
21 use of assistance would enable the owner or op-
22 erator of the treatment works to take corrective
23 action toward resolving the violations; or

24 “(B) the entity conducting the enforcement
25 action on which the determination of significant

1 noncompliance is based has determined that the
2 assistance would be used by the owner or oper-
3 ator of the treatment works in order to assist
4 owners and operators in making progress to-
5 wards compliance.”.

6 **SEC. 107. NEGOTIATION OF CONTRACTS.**

7 Section 603 of the Federal Water Pollution Control
8 Act (33 U.S.C. 1383) (as amended by section 106) is
9 amended by adding at the end the following:

10 “(m) NEGOTIATION OF CONTRACTS.—A contract to
11 be carried out using funds directly made available by a
12 capitalization grant under this section for program man-
13 agement, construction management, feasibility studies,
14 preliminary engineering, design, engineering, surveying,
15 mapping, or architectural or related services shall be nego-
16 tiated in the same manner as—

17 “(1) a contract for architectural and engineer-
18 ing services is negotiated under chapter 11 of title
19 40, United States Code; or

20 “(2) an equivalent State qualifications-based re-
21 quirement (as determined by the Governor of the
22 State).”.

1 **SEC. 108. ALLOTMENT OF FUNDS.**

2 Section 604 of the Federal Water Pollution Control
3 Act (33 U.S.C. 1384) is amended by striking subsection
4 (b) and inserting the following:

5 “(b) RESERVATION OF FUNDS.—

6 “(1) PLANNING.—Each State may reserve for
7 each fiscal year the greater of 2 percent of the sums
8 allotted to the State under this section for the fiscal
9 year, or \$100,000, to carry out planning under sec-
10 tions 205(j) and 303(e).

11 “(2) INDIAN TRIBES.—Of the total amount of
12 funds made available under paragraph (1), 1.5 per-
13 cent shall be allocated to Indian tribes (as defined
14 in section 518(h)).”.

15 **SEC. 109. AUTHORIZATION OF APPROPRIATIONS.**

16 The Federal Water Pollution Control Act is amended
17 by striking section 607 (33 U.S.C. 1387) and inserting
18 the following:

19 **“SEC. 607. AUTHORIZATION OF APPROPRIATIONS.**

20 “(a) IN GENERAL.—There are authorized to be ap-
21 propriated to carry out this title—

22 “(1) \$3,200,000,000 for each of fiscal years
23 2008 and 2009;

24 “(2) \$3,600,000,000 for fiscal year 2010;

25 “(3) \$4,000,000,000 for fiscal year 2011; and

26 “(4) \$6,000,000,000 for fiscal year 2012.

1 “(b) AVAILABILITY.—Amounts made available under
2 this section shall remain available until expended.

3 “(c) RESERVATION FOR NEEDS SURVEYS.—Of the
4 amount made available under subsection (a) to carry out
5 this title for a fiscal year, the Administrator may reserve
6 not more than \$1,000,000 for the fiscal year, to remain
7 available until expended, to pay the costs of conducting
8 needs surveys under section 516(b)(1)(B).”.

9 **SEC. 110. SEWER OVERFLOW CONTROL GRANTS.**

10 (a) SEWER OVERFLOW CONTROL GRANTS.—Section
11 221 of the Federal Water Pollution Control Act (33
12 U.S.C. 1301) is amended—

13 (1) in subsection (a), by striking “IN GEN-
14 ERAL” and all that follows through “(2) subject to
15 subsection (g), the Administrator may” and insert-
16 ing the following:

17 “(a) IN GENERAL.—The Administrator may—

18 “(1) make grants to States for the purpose of
19 providing grants to a municipality or municipal enti-
20 ty for planning, design, and construction of treat-
21 ment works to intercept, transport, control, or treat
22 municipal combined sewer overflows and sanitary
23 sewer overflows; and

24 “(2) subject to subsection (g),”; and

1 (2) by striking subsections (e) through (g) and
2 inserting the following:

3 “(e) ADMINISTRATIVE REQUIREMENTS.—

4 “(1) IN GENERAL.—Subject to paragraph (2), a
5 project that receives grant assistance under sub-
6 section (a) shall be carried out subject to the same
7 requirements as a project that receives assistance
8 from a State water pollution control revolving fund
9 established pursuant to title VI.

10 “(2) DETERMINATION OF GOVERNOR.—The re-
11 quirement described in paragraph (1) shall not apply
12 to a project that receives grant assistance under
13 subsection (a) to the extent that the Governor of the
14 State in which the project is located determines that
15 a requirement described in title VI is inconsistent
16 with the purposes of this section.

17 “(f) AUTHORIZATION OF APPROPRIATIONS.—There
18 are authorized to be appropriated to carry out this section,
19 to remain available until expended—

20 “(1) \$375,000,000 for fiscal year 2008;

21 “(2) \$375,000,000 for fiscal year 2009;

22 “(3) \$375,000,000 for fiscal year 2010;

23 “(4) \$375,000,000 for fiscal year 2011; and

24 “(5) \$500,000,000 for fiscal year 2012.

25 “(g) ALLOCATION OF FUNDS.—

1 “(1) FISCAL YEAR 2008 AND 2009.—For each of
2 fiscal years 2008 and 2009, subject to subsection
3 (h), the Administrator shall use the amounts made
4 available to carry out this section to provide grants
5 to municipalities and municipal entities under sub-
6 section (a)(2)—

7 “(A) in accordance with the priority cri-
8 teria described in subsection (b); and

9 “(B) with additional priority given to pro-
10 posed projects that involve the use of—

11 “(i) nonstructural, low-impact devel-
12 opment;

13 “(ii) water conservation, efficiency, or
14 reuse; or

15 “(iii) other decentralized stormwater
16 or wastewater approaches to minimize
17 flows into the sewer systems.

18 “(2) FISCAL YEAR 2010 AND THEREAFTER.—
19 For fiscal year 2010 and each fiscal year thereafter,
20 subject to subsection (h), the Administrator shall
21 use the amounts made available to carry out this
22 section to provide grants to States under subsection
23 (a)(1) in accordance with a formula that—

1 “(A) shall be established by the Adminis-
 2 trator, after providing notice and an oppor-
 3 tunity for public comment; and

4 “(B) allocates to each State a proportional
 5 share of the amounts based on the total needs
 6 of the State for municipal combined sewer over-
 7 flow controls and sanitary sewer overflow con-
 8 trols, as identified in the most recent survey—

9 “(i) conducted under section 210; and

10 “(ii) included in a report required
 11 under section 516(b)(1)(B).”.

12 (b) REPORTS.—Section 221(i) of the Federal Water
 13 Pollution Control Act (33 U.S.C. 1301(i)) is amended in
 14 the first sentence by striking “2003” and inserting
 15 “2010”.

16 **SEC. 111. CRITICAL WATER INFRASTRUCTURE PROJECTS.**

17 (a) ESTABLISHMENT.—The Administrator of the En-
 18 vironmental Protection Agency (referred to in this section
 19 as the “Administrator”) shall establish a program under
 20 which grants are provided to eligible entities for use in
 21 carrying out projects and activities the primary purpose
 22 of which is watershed restoration through the protection
 23 or improvement of water quality.

24 (b) PROJECT SELECTION.—

1 (1) IN GENERAL.—The Administrator may pro-
2 vide funds under this section to an eligible entity to
3 carry out an eligible project described in paragraph
4 (3).

5 (2) EQUITABLE DISTRIBUTION.—The Adminis-
6 trator shall ensure an equitable distribution of
7 projects under this section, taking into account cost
8 and number of requests for each category listed in
9 paragraph (3).

10 (3) ELIGIBLE PROJECTS.—A project that is eli-
11 gible to be carried out using funds provided under
12 this section may include projects that are included
13 in the intended use plan of the State developed in
14 accordance with section 606(c) of the Federal Water
15 Pollution Control Act (33 U.S.C. 1386(c)).

16 (c) LOCAL PARTICIPATION.—In prioritizing projects
17 for implementation under this section, the Administrator
18 shall consult with, and consider the priorities of—

19 (1) affected State and local governments; and

20 (2) public and private entities that are active in
21 watershed planning and restoration.

22 (d) COST SHARING.—Before carrying out any project
23 under this section, the Administrator shall enter into an
24 agreement with 1 or more non-Federal interests that shall
25 require the non-Federal interests—

1 (1) to pay 45 percent of the total costs of the
2 project, which may include services, materials, sup-
3 plies, or other in-kind contributions;

4 (2) to provide any land, easements, rights-of-
5 way, and relocations necessary to carry out the
6 project; and

7 (3) to pay 100 percent of any operation, main-
8 tenance, repair, replacement, and rehabilitation costs
9 associated with the project.

10 (e) WAIVER.—The Administrator may waive the re-
11 quirement to pay the non-Federal share of the cost of car-
12 rying out an eligible activity using funds from a grant pro-
13 vided under this section if the Administrator determines
14 that an eligible entity is unable to pay, or would experience
15 significant financial hardship if required to pay, the non-
16 Federal share.

17 (f) AUTHORIZATION OF APPROPRIATIONS.—There is
18 authorized to be appropriated to carry out this section
19 \$50,000,000 for each of fiscal years 2008 through 2012.

**TITLE II—SAFE DRINKING
WATER INFRASTRUCTURE**

**SEC. 201. CONTAMINANT PREVENTION, DETECTION, AND
RESPONSE.**

Section 1434 of the Safe Drinking Water Act (42 U.S.C. 300i–3) is amended by striking subsection (b) and inserting the following:

“(b) REPORT.—Not later than 180 days after the date of enactment of the Water Infrastructure Financing Act, the Administrator shall submit to Congress a report that includes—

“(1) a description of the progress made as of that date in implementing this section; and

“(2) a description of any impediments to that implementation identified by the Administrator, including—

“(A) difficulty in coordinating the implementation with other Federal, State, or local agencies or organizations;

“(B) insufficient funding for effective implementation;

“(C) a lack of authorization to take certain actions (including the authority to hire necessary personnel) required to carry out the implementation; and

1 “(D) technological impediments to devel-
 2 oping the methods, means, and equipment spec-
 3 ified in subsection (a)(1).

4 “(c) IMPLEMENTATION PLAN.—The Administrator
 5 shall develop and carry out an implementation plan for
 6 this section consistent with actions taken to date and in-
 7 corporating the results of the report under subsection (b).

8 “(d) FUNDING.—There is authorized to be appro-
 9 priated to carry out this section \$7,500,000 for each of
 10 fiscal years 2008 through 2012.”.

11 **SEC. 202. DRINKING WATER TECHNICAL ASSISTANCE FOR**
 12 **COMMUNITIES.**

13 Section 1442(e) of the Safe Drinking Water Act (42
 14 U.S.C. 300j–1(e)) is amended—

15 (1) in the first sentence, by striking “The Ad-
 16 ministrator may provide” and inserting the fol-
 17 lowing:

18 “(1) PUBLIC WATER SYSTEMS.—The Adminis-
 19 trator may provide”;

20 (2) in the second sentence, by striking “Such
 21 assistance” and inserting the following:

22 “(2) TYPES OF ASSISTANCE.—Such assist-
 23 ance”;

1 (3) in the third sentence, by striking “The Ad-
 2 ministrator shall ensure” and inserting the fol-
 3 lowing:

4 “(3) AVAILABILITY.—The Administrator shall
 5 ensure”;

6 (4) in the fourth sentence, by striking “Each
 7 nonprofit” and inserting the following:

8 “(4) REQUIREMENT APPLICABLE TO NON-
 9 PROFIT ORGANIZATIONS.—Each nonprofit”; and

10 (5) by striking the fifth sentence and all that
 11 follows and inserting the following:

12 “(5) PRIORITY.—In providing grants under this
 13 section, the Administrator shall give priority to small
 14 systems organizations that, as determined by the
 15 Administrator, are qualified and will be the most ef-
 16 fective at assisting those small systems that have the
 17 greatest need (or a majority of need) in the States.

18 “(6) WELLS AND WELL SYSTEMS.—

19 “(A) IN GENERAL.—The Administrator
 20 shall provide grants to nonprofit organizations
 21 to provide technical assistance to communities
 22 and individuals regarding the design, operation,
 23 construction, and maintenance of household
 24 wells and small shared well-systems that pro-
 25 vide drinking water.

“(B) FORM OF ASSISTANCE.—Technical assistance referred to in subparagraph (A) may include—

“(i) training and education;

“(ii) operation of a hotline; and

“(iii) the conduct of other activities relating to the design and construction of household, shared, and small water well systems in rural areas.

“(C) PRIORITY.—Subject to paragraph (5), in providing grants under this section, the Administrator shall give priority to applicants that, as determined by the Administrator—

“(i) are qualified; and

“(ii) have demonstrated experience in providing similar technical assistance and in developing similar projects.

“(D) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to carry out this paragraph \$7,500,000 for each of fiscal years 2009 through 2013.

“(7) FUNDING.—

“(A) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to the Administrator to carry out this sub-

1 section (other than paragraph (6)) \$35,000,000
 2 for each of fiscal years 2009 through 2013.

3 “(B) LOBBYING EXPENSES.—No portion
 4 of any State loan fund established under section
 5 1452 and no portion of any funds made avail-
 6 able under this subsection may be used for lob-
 7 bying expenses.

8 “(C) INDIAN TRIBES.—Of the total
 9 amount made available under this section for
 10 each fiscal year, 3 percent shall be used for
 11 technical assistance to public water systems
 12 owned or operated by Indian tribes.”.

13 **SEC. 203. PRECONSTRUCTION WORK.**

14 Section 1452(a)(2) of the Safe Drinking Water Act
 15 (42 U.S.C. 300j–12(a)(2)) is amended—

16 (1) by designating the first, second, third,
 17 fourth, and fifth sentences as subparagraphs (A),
 18 (B), (D), (E), and (F), respectively;

19 (2) in subparagraph (B) (as designated by
 20 paragraph (1))—

21 (A) by striking “(not” and inserting “(in-
 22 cluding expenditures for planning, design, and
 23 associated preconstruction activities, including
 24 activities relating to the siting of the facility,
 25 but not”; and

1 (B) by inserting before the period at the
 2 end the following: “or to replace or rehabilitate
 3 aging treatment, storage (including reservoirs),
 4 or distribution facilities of public water systems
 5 or provide for capital projects to upgrade the
 6 security of public water systems”; and

7 (3) by inserting after subparagraph (B) (as
 8 designated by paragraph (1)) the following:

9 “(C) SALE OF BONDS.—Funds may also
 10 be used by a public water system to increase se-
 11 curity at the public water system (excluding any
 12 expenditure for operations and maintenance), or
 13 as a source of revenue (restricted solely to in-
 14 terest earnings of the applicable State loan
 15 fund) or security for payment of the principal
 16 and interest on revenue or general obligation
 17 bonds issued by the State to provide matching
 18 funds under subsection (e), if the proceeds of
 19 the sale of the bonds will be deposited in the
 20 State loan fund.”.

21 **SEC. 204. PRIORITY SYSTEM REQUIREMENTS.**

22 Section 1452(b)(3) of the Safe Drinking Water Act
 23 (42 U.S.C. 300j–12(b)(3)) is amended—

24 (1) by redesignating subparagraph (B) as sub-
 25 paragraph (D);

(2) by striking subparagraph (A) and inserting the following:

“(A) DEFINITION OF RESTRUCTURING.—

In this paragraph, the term ‘restructuring’ means changes in operations (including ownership, cooperative partnerships, asset management, consolidation, and alternative water supply).

“(B) PRIORITY SYSTEM.—An intended use plan shall provide, to the maximum extent practicable, that priority for the use of funds be given to projects that—

“(i) address the most serious risk to human health;

“(ii) are necessary to ensure compliance with this title (including requirements for filtration); and

“(iii) assist systems most in need on a per-household basis according to State affordability criteria.

“(C) WEIGHT GIVEN TO APPLICATIONS.—

After determining project priorities under subparagraph (B), an intended use plan shall further provide that the State shall give greater weight to an application for assistance by a

1 community water system if the application in-
2 cludes such information as the State determines
3 to be necessary, including—

4 “(i) an inventory of assets, including
5 a description of the condition of the assets;

6 “(ii) a schedule for replacement of as-
7 sets;

8 “(iii) a financing plan that factors in
9 all life-cycle costs indicating sources of rev-
10 enue from ratepayers, grants, bonds, other
11 loans, and other sources to meet the costs;

12 “(iv) a review of options for restruc-
13 turing the public water system;

14 “(v) demonstration of consistency
15 with State, regional, and municipal water-
16 shed plans; and

17 “(vi) a water conservation plan con-
18 sistent with guidelines developed for those
19 plans by the Administrator under section
20 1455(a).”; and

21 (3) in subparagraph (D) (as redesignated by
22 paragraph (1)), by striking “periodically” and in-
23 serting “at least biennially”.

1 **SEC. 205. AFFORDABILITY.**

2 Section 1452(d)(3) of the Safe Drinking Water Act
3 (42 U.S.C. 300j–12(d)(3)) is amended in the first sen-
4 tence by inserting “, or portion of a service area,” after
5 “service area”.

6 **SEC. 206. SAFE DRINKING WATER REVOLVING LOAN**
7 **FUNDS.**

8 Section 1452(g) of the Safe Drinking Water Act (42
9 U.S.C. 300j–12(g)) is amended—

10 (1) paragraph (2)—

11 (A) in the first sentence, by striking “4”
12 and inserting “6”; and

13 (B) by striking “1419,” and all that fol-
14 lows through “1993.” and inserting “1419.”;
15 and

16 (2) by adding at the end the following:

17 “(5) TRANSFER OF FUNDS.—

18 “(A) IN GENERAL.—The Governor of a
19 State may—

20 “(i)(I) reserve not more than 33 per-
21 cent of a capitalization grant made under
22 this section; and

23 “(II) add the funds reserved to any
24 funds provided to the State under section
25 601 of the Federal Water Pollution Con-
26 trol Act (33 U.S.C. 1381); and

1 “(ii)(I) reserve for any fiscal year an
 2 amount that does not exceed the amount
 3 that may be reserved under clause (i)(I)
 4 for that year from capitalization grants
 5 made under section 601 of that Act (33
 6 U.S.C. 1381); and

7 “(II) add the reserved funds to any
 8 funds provided to the State under this sec-
 9 tion.

10 “(B) STATE MATCH.—Funds reserved
 11 under this paragraph shall not be considered to
 12 be a State match of a capitalization grant re-
 13 quired under this section or section 602(b) of
 14 the Federal Water Pollution Control Act (33
 15 U.S.C. 1382(b)).”.

16 **SEC. 207. OTHER AUTHORIZED ACTIVITIES.**

17 Section 1452(k)(2)(D) of the Safe Drinking Water
 18 Act (42 U.S.C. 300j–12(k)(2)(D)) is amended by inserting
 19 before the period at the end the following: “(including im-
 20 plementation of source water protection plans)”.

21 **SEC. 208. AUTHORIZATION OF APPROPRIATIONS.**

22 Section 1452 of the Safe Drinking Water Act (42
 23 U.S.C. 300j–12) is amended by striking subsection (m)
 24 and inserting the following:

25 “(m) AUTHORIZATION OF APPROPRIATIONS.—

1 “(1) IN GENERAL.—There are authorized to be
2 appropriated to carry out this section—

3 “(A) \$1,500,000,000 for fiscal year 2008;

4 “(B) \$2,000,000,000 for each of fiscal
5 years 2009 and 2010;

6 “(C) \$3,500,000,000 for fiscal year 2011;

7 and

8 “(D) \$6,000,000,000 for fiscal year 2012.

9 “(2) AVAILABILITY.—Amounts made available
10 under this subsection shall remain available until ex-
11 pended.

12 “(3) RESERVATION FOR NEEDS SURVEYS.—Of
13 the amount made available under paragraph (1) to
14 carry out this section for a fiscal year, the Adminis-
15 trator may reserve not more than \$1,000,000 per
16 year to pay the costs of conducting needs surveys
17 under subsection (h).”.

18 **SEC. 209. NEGOTIATION OF CONTRACTS.**

19 Section 1452 of the Safe Drinking Water Act (42
20 U.S.C. 300j–12) is amended by adding at the end the fol-
21 lowing:

22 “(s) NEGOTIATION OF CONTRACTS.—A contract to
23 be carried out using funds directly made available by a
24 capitalization grant under this section for program man-
25 agement, construction management, feasibility studies,

1 preliminary engineering, design, engineering, surveying,
 2 mapping, or architectural or related services shall be nego-
 3 tiated in the same manner as—

4 “(1) a contract for architectural and engineer-
 5 ing services is negotiated under chapter 11 of title
 6 40, United States Code; or

7 “(2) an equivalent State qualifications-based re-
 8 quirement (as determined by the Governor of the
 9 State).”.

10 **SEC. 210. CRITICAL DRINKING WATER INFRASTRUCTURE**
 11 **PROJECTS.**

12 (a) ESTABLISHMENT.—Not later than 180 days after
 13 the date of enactment of this Act, the Administrator of
 14 the Environmental Protection Agency shall establish a
 15 program under which grants are provided to eligible enti-
 16 ties for use in carrying out projects and activities the pri-
 17 mary purpose of which is to assist community water sys-
 18 tems in meeting the requirements of the Safe Drinking
 19 Water Act (42 U.S.C. 300f et seq.).

20 (b) PROJECT SELECTION.—A project that is eligible
 21 to be carried out using funds provided under this section
 22 may include projects that—

- 23 (1) develop alternative water sources;
- 24 (2) provide assistance to small systems; or
- 25 (3) assist a community water system—

1 (A) to comply with a national primary
2 drinking water regulation; or

3 (B) to mitigate groundwater contamina-
4 tion, including saltwater intrusion.

5 (c) ELIGIBLE ENTITIES.—An entity eligible to re-
6 ceive a grant under this section is—

7 (1) a community water system as defined in
8 section 1401 of the Safe Drinking Water Act (42
9 U.S.C. 300f); or

10 (2) a system that is located in an area governed
11 by an Indian tribe (as defined in section 1401 of the
12 Safe Drinking Water Act (42 U.S.C. 300f));

13 (d) PRIORITY.—In prioritizing projects for implemen-
14 tation under this section, the Administrator shall give pri-
15 ority to community water systems that—

16 (1) serve a community that, under affordability
17 criteria established by the State under section
18 1452(d)(3) of the Safe Drinking Water Act (42
19 U.S.C. 300j–12), is determined by the State to be—

20 (A) a disadvantaged community; or

21 (B) a community that may become a dis-
22 advantaged community as a result of carrying
23 out an eligible activity; or

24 (2) serve a community with a population of less
25 than 10,000 individuals.

1 (e) LOCAL PARTICIPATION.—In prioritizing projects
2 for implementation under this section, the Administrator
3 shall consult with, and consider the priorities of, affected
4 States, Indian tribes, and local governments.

5 (f) COST-SHARING.—Before carrying out any project
6 under this section, the Administrator shall enter into a
7 binding agreement with 1 or more non-Federal interests
8 that shall require the non-Federal interests—

9 (1) to pay 45 percent of the total costs of the
10 project, which may include services, materials, sup-
11 plies, or other in-kind contributions;

12 (2) to provide any land, easements, rights-of-
13 way, and relocations necessary to carry out the
14 project; and

15 (3) to pay 100 percent of any operation, main-
16 tenance, repair, replacement, and rehabilitation costs
17 associated with the project.

18 (g) WAIVER.—The Administrator may waive the re-
19 quirement to pay the non-Federal share of the cost of car-
20 rying out an eligible activity using funds from a grant pro-
21 vided under this section if the Administrator determines
22 that an eligible entity is unable to pay, or would experience
23 significant financial hardship if required to pay, the non-
24 Federal share.

1 (h) AUTHORIZATION OF APPROPRIATIONS.—There is
 2 authorized to be appropriated to carry out this section
 3 \$300,000,000 for each of fiscal years 2008 through 2012.

4 **SEC. 211. DISTRICT OF COLUMBIA LEAD SERVICE LINE RE-**
 5 **PLACEMENT.**

6 (a) SERVICE LINE REPLACEMENT.—

7 (1) GALVANIC EFFECTS.—In carrying out lead
 8 service line replacement in the District of Columbia,
 9 the galvanic effects of replacement of the service
 10 lines shall be addressed prior to replacement.

11 (2) AUTHORIZATION OF APPROPRIATIONS.—
 12 There is authorized to be appropriated to carry out
 13 lead service line replacement in the District of Co-
 14 lumbia \$30,000,000 for each of fiscal years 2008
 15 through 2012.

16 (b) LEAD SERVICE LINE REPLACEMENT ASSISTANCE
 17 FUND.—

18 (1) DEFINITION OF LOW-INCOME.—In this sub-
 19 section, the term “low-income” shall be defined by
 20 the District of Columbia.

21 (2) GRANTS.—Of the funds provided under sub-
 22 section (a)(2), not more than \$2,000,000 per year
 23 may be allocated for water service line replacement
 24 grants to provide assistance to low-income residents

1 to replace the privately-owned portion of lead service
2 lines.

3 (3) LIMITATION.—An individual grant provided
4 under paragraph (2) shall not exceed \$5,000.

5 **TITLE III—MISCELLANEOUS**

6 **SEC. 301. DEFINITIONS.**

7 In this title:

8 (1) ACADEMY.—The term “Academy” means
9 the National Academy of Sciences.

10 (2) ADMINISTRATOR.—The term “Adminis-
11 trator” means the Administrator of the Environ-
12 mental Protection Agency.

13 (3) SECRETARY.—The term “Secretary”
14 means—

15 (A) as used in section 303, the Secretary
16 of Agriculture; and

17 (B) as used in section 306, the Secretary
18 of the Interior, acting through the Director of
19 the United States Geological Survey.

20 **SEC. 302. PROGRAM FOR WATER QUALITY ENHANCEMENT** 21 **AND MANAGEMENT.**

22 (a) INITIAL GRANT PROGRAM.—

23 (1) IN GENERAL.—Not later than 2 years after
24 the date of enactment of this Act, the Administrator
25 shall establish a program to award grants and enter

1 into contracts and cooperative agreements with re-
 2 search institutions, institutions of higher education,
 3 and other appropriate entities (including consortia of
 4 such institutions and entities), through a competitive
 5 process, for research on and development of the use
 6 of innovative and alternative technologies to improve
 7 water quality or drinking water supply.

8 (2) TYPES OF PROJECTS.—In carrying out this
 9 subsection, the Administrator may select projects re-
 10 lating to such matters as innovative or alternative
 11 technologies, approaches, practices, or methods—

12 (A) to increase the effectiveness and effi-
 13 ciency of water and wastewater infrastructure
 14 through the use of integrated water resource
 15 management;

16 (B) to increase the effectiveness and effi-
 17 ciency of public water systems, including—

- 18 (i) source water protection;
- 19 (ii) water use reduction;
- 20 (iii) water reuse;
- 21 (iv) water treatment;
- 22 (v) water distribution and wastewater
- 23 collection systems; and
- 24 (vi) water security;

1 (C) to encourage the use of innovative or
2 alternative technologies or approaches relating
3 to water supply or availability;

4 (D) to increase the effectiveness and effi-
5 ciency of new and existing treatment works, in-
6 cluding—

7 (i) methods of collecting, treating, dis-
8 persing, reusing, reclaiming, and recycling
9 wastewater;

10 (ii) system design;

11 (iii) nonstructural alternatives;

12 (iv) decentralized approaches;

13 (v) stormwater and wastewater reuse;

14 (vi) water efficiency and conservation;

15 and

16 (vii) wastewater security;

17 (E) to increase the effectiveness and effi-
18 ciency of municipal separate storm sewer sys-
19 tems and combined sewer systems, including
20 through the use of soil and vegetation or other
21 permeable materials;

22 (F) to promote new water treatment tech-
23 nologies and management approaches, including
24 commercialization and dissemination strategies
25 for adoption of innovative water, wastewater,

1 and stormwater technologies and management
 2 approaches or low-impact development tech-
 3 nologies in the homebuilding industry; or

4 (G) to maintain a clearinghouse of tech-
 5 nologies and management approaches developed
 6 under this subsection and subsection (b) at a
 7 research consortium or institute.

8 (3) REPORT.—Not later than 2 years after the
 9 date on which the program is established under
 10 paragraph (1), the Administrator shall publish a re-
 11 port that details the findings of each recipient of a
 12 grant under the program with respect to the identi-
 13 fication of any potential new technologies or man-
 14 agement approaches developed in accordance with
 15 this section.

16 (b) NATIONWIDE GRANT PROGRAM.—

17 (1) DEFINITION OF MUNICIPALITY.—In this
 18 subsection, the term “municipality” means—

19 (A) a city, town, borough, county, parish,
 20 district, association, or other public body cre-
 21 ated by or pursuant to State law; or

22 (B) an Indian tribe (as defined in section
 23 4 of the Indian Self-Determination and Edu-
 24 cation Assistance Act (25 U.S.C. 450b)).

1 (2) ESTABLISHMENT.—Not later than 90 days
 2 after the date of publication of the report under sub-
 3 section (a)(3), the Administrator shall establish a
 4 nationwide demonstration grant program—

5 (A) to promote innovations in technology
 6 and alternative approaches to water quality
 7 management or water supply developed under
 8 subsection (a); and

9 (B) to reduce costs to municipalities in-
 10 curred in complying with the Federal Water
 11 Pollution Control Act (33 U.S.C. 1251 et seq.)
 12 and the Safe Drinking Water Act (42 U.S.C.
 13 300f et seq.) through the approaches and tech-
 14 nologies developed under subsection (a).

15 (3) SCOPE.—The demonstration grant program
 16 shall consist of up to 10 projects each year, to be
 17 carried out in municipalities selected by the Admin-
 18 istrator under paragraph (4).

19 (4) SELECTION OF MUNICIPALITIES.—

20 (A) APPLICATION.—A municipality that
 21 seeks to participate in the demonstration grant
 22 program established under paragraph (2) shall
 23 submit to the Administrator a plan that—

24 (i) is developed in coordination with—

1 (I) the agencies of the State hav-
2 ing jurisdiction over water quality and
3 water supply matters; and

4 (II) interested stakeholders, in-
5 cluding institutions of higher edu-
6 cation and related research institu-
7 tions;

8 (ii) describes water impacts specific to
9 urban or rural areas;

10 (iii) includes a strategy under which
11 the municipality, through participation in
12 the demonstration grant program, could ef-
13 fectively—

14 (I) address water quality or
15 water supply problems; and

16 (II) achieve the water quality
17 goals that—

18 (aa) could be achieved using
19 more traditional methods; and

20 (bb) are required under the
21 Federal Water Pollution Control
22 Act (33 U.S.C. 1251 et seq.) or
23 the Safe Drinking Water Act (42
24 U.S.C. 300f et seq.); and

1 (iv) includes a schedule for achieving
 2 the water quality or water supply goals of
 3 the municipality.

4 (B) CATEGORIES OF PROJECTS.—In car-
 5 rying out the demonstration grant program, the
 6 Administrator shall provide grants for projects
 7 relating to water supply or water quality mat-
 8 ters described in subsection (a)(2)(A).

9 (C) RESPONSIBILITIES OF ADMINIS-
 10 TRATOR.—In providing grants for projects
 11 under this subsection, the Administrator shall—

12 (i) ensure, to the maximum extent
 13 practicable, that—

14 (I) the demonstration grant pro-
 15 gram under this subsection includes a
 16 variety of projects with respect to—

17 (aa) geographical distribu-
 18 tion;

19 (bb) innovative technologies
 20 used for the projects; and

21 (cc) nontraditional ap-
 22 proaches (including low-impact
 23 development technologies) used
 24 for the projects; and

1 (II) each category of project de-
2 scribed in subparagraph (B) is ade-
3 quately represented;

4 (ii) give higher priority to projects
5 that—

6 (I) address multiple problems;

7 and

8 (II) are regionally applicable;

9 (iii) ensure, to the maximum extent
10 practicable, that at least 1 community hav-
11 ing a population of 10,000 or fewer indi-
12 viduals receives a grant for each fiscal
13 year; and

14 (iv) ensure that, for each fiscal year,
15 no municipality receives more than 25 per-
16 cent of the total amount of funds made
17 available for the fiscal year to provide
18 grants under this subsection.

19 (D) COST SHARING.—

20 (i) IN GENERAL.—Except as provided
21 in clause (ii), the non-Federal share of the
22 total cost of a project funded by a grant
23 under this subsection shall be not less than
24 20 percent.

1 (ii) WAIVER.—The Administrator may
2 reduce or eliminate the non-Federal share
3 of the cost of a project for reasons of af-
4 fordability.

5 (c) REPORTS.—

6 (1) REPORTS FROM GRANT RECIPIENTS.—A re-
7 cipient of a grant under this section shall submit to
8 the Administrator, on the date of completion of a
9 project of the recipient and on each of the dates that
10 is 1, 2, and 3 years after that date, a report that
11 describes the effectiveness of the project.

12 (2) REPORTS TO CONGRESS.—Not later than 2
13 years after the date of enactment of this Act, and
14 every 2 years thereafter, the Administrator shall
15 submit to the Committee on Environment and Pub-
16 lic Works of the Senate and the Committee on
17 Transportation and Infrastructure and the Com-
18 mittee on Energy and Commerce of the House of
19 Representatives a report that describes the status
20 and results of the grant programs under this sec-
21 tion.

22 (d) INCORPORATION OF RESULTS AND INFORMA-
23 TION.—To the maximum extent practicable, the Adminis-
24 trator shall incorporate the results of, and information ob-

1 tained from, successful projects under this section into
 2 programs administered by the Administrator.

3 (e) AUTHORIZATION OF APPROPRIATIONS.—There is
 4 authorized to be appropriated to carry out this section
 5 \$20,000,000 for each of fiscal years 2008 through 2012.

6 **SEC. 303. AGRICULTURAL POLLUTION CONTROL TECH-**
 7 **NOLOGY GRANT PROGRAM.**

8 (a) DEFINITIONS.—In this section:

9 (1) AGRICULTURAL COMMODITY.—The term
 10 “agricultural commodity” means—

11 (A) agricultural, horticultural, viticultural,
 12 and dairy products;

13 (B) livestock and the products of livestock;

14 (C) the products of poultry and bee rais-
 15 ing;

16 (D) the products of forestry; and

17 (E) other commodities raised or produced
 18 on agricultural sites, as determined to be appro-
 19 priate by the Secretary.

20 (2) AGRICULTURAL PROJECT.—The term “agri-
 21 cultural project” means an agricultural pollution
 22 control technology pilot project that, as determined
 23 by the Administrator—

24 (A) is carried out at an agricultural site;

1 (B) achieves demonstrable reductions in
 2 water pollution or water use that meet or ex-
 3 ceed those mandated by statutory or regulatory
 4 requirements; and

5 (C) will not substantially adversely affect
 6 any other long-term environmental medium, in-
 7 cluding air and groundwater resources.

8 (3) AGRICULTURAL SITE.—The term “agricul-
 9 tural site” means a farming or ranching operation of
 10 a producer.

11 (4) PRODUCER.—The term “producer” means
 12 any person who is engaged in the production and
 13 sale of an agricultural commodity in the United
 14 States and who owns, or shares the ownership and
 15 risk of loss of, the agricultural commodity.

16 (5) REVOLVING FUND.—The term “revolving
 17 fund” means an agricultural pollution control tech-
 18 nology State revolving fund established by a State
 19 using amounts provided under subsection (b)(1).

20 (b) GRANTS FOR AGRICULTURAL STATE REVOLVING
 21 FUNDS.—

22 (1) IN GENERAL.—As soon as practicable after
 23 the date of enactment of this section, the Adminis-
 24 trator shall provide to each eligible State described
 25 in paragraph (2) 1 or more capitalization grants,

1 that cumulatively equal no more than \$1,000,000
2 per State, for use in establishing, within an agency
3 of the State having jurisdiction over agriculture or
4 environmental quality, an agricultural pollution con-
5 trol technology State revolving fund.

6 (2) ELIGIBLE STATES.—An eligible State re-
7 ferred to in paragraph (1) is a State that agrees,
8 prior to receipt of a capitalization grant under para-
9 graph (1)—

10 (A) to establish, and deposit the funds
11 from the grant in, a revolving fund;

12 (B) to provide, at a minimum, a State
13 share in an amount equal to 20 percent of the
14 capitalization grant;

15 (C) to use amounts in the revolving fund
16 to make loans to producers in accordance with
17 subsection (c); and

18 (D) to return amounts in the revolving
19 fund if no loan applications are granted within
20 2 years of the receipt of the initial capitaliza-
21 tion grant.

22 (c) LOANS TO PRODUCERS.—

23 (1) USE OF FUNDS.—A State that establishes
24 a revolving fund under subsection (b)(2) shall use
25 amounts in the revolving fund to provide loans to

1 producers for use in designing and constructing ag-
2 ricultural projects.

3 (2) MAXIMUM AMOUNT OF LOAN.—The amount
4 of a loan made to a producer using funds from a re-
5 volving fund shall not exceed \$250,000, in the ag-
6 gregate, for all agricultural projects serving an agri-
7 cultural site of the producer.

8 (3) CONDITIONS ON LOANS.—A loan made to a
9 producer using funds from a revolving fund shall—

10 (A) have an interest rate that is not more
11 than the market interest rate, including an in-
12 terest-free loan; and

13 (B) be repaid to the revolving fund not
14 later than 20 years after the date on which the
15 loan is made.

16 (d) REQUIREMENTS FOR PRODUCERS.—

17 (1) IN GENERAL.—A producer that seeks to re-
18 ceive a loan from a revolving fund shall—

19 (A) submit to the State in which the agri-
20 cultural site of the producer is located an appli-
21 cation that—

22 (i) contains such information as the
23 State may require; and

24 (ii) demonstrates, to the satisfaction
25 of the State, that each project proposed to

1 be carried out with funds from the loan is
2 an agricultural project; and

3 (B) agree to expend all funds from a loan
4 in an expeditious and timely manner, as deter-
5 mined by the State.

6 (2) MAXIMUM PERCENTAGE OF AGRICULTURAL
7 PROJECT COST.—Subject to subsection (c)(2), a pro-
8 ducer that receives a loan from a revolving fund may
9 use funds from the loan to pay up to 100 percent
10 of the cost of carrying out an agricultural project.

11 (e) AUTHORIZATION OF APPROPRIATIONS.—There is
12 authorized to be appropriated to carry out this section
13 \$50,000,000.

14 **SEC. 304. STATE REVOLVING FUND REVIEW PROCESS.**

15 As soon as practicable after the date of enactment
16 of this Act, the Administrator shall—

17 (1) consult with States, utilities, nonprofit orga-
18 nizations, and other Federal agencies providing fi-
19 nancial assistance to identify ways to expedite and
20 improve the application and review process, for the
21 provision of assistance from—

22 (A) the State water pollution control re-
23 volving funds established under title VI of the
24 Federal Water Pollution Control Act (33 U.S.C.
25 1381 et seq.); and

1 (B) the State drinking water treatment re-
2 volving loan funds established under section
3 1452 of the Safe Drinking Water Act (42
4 U.S.C. 300j-12);

5 (2) in carrying out this section, the Adminis-
6 trator shall consider the needs of small treatment
7 works (as defined by section 222 of the Federal
8 Water Pollution Control Act and small public water
9 systems (as described in section 1433(d) of the Safe
10 Drinking Water Act (42 U.S.C. 300i-2(d)));

11 (3) take such administrative action as is nec-
12 essary to expedite and improve the process as the
13 Administrator has authority to take under existing
14 law;

15 (4) collect information relating to innovative ap-
16 proaches taken by any State to simplify the applica-
17 tion process of the State, and provide the informa-
18 tion to each State; and

19 (5) submit to Congress a report that, based on
20 the information identified under paragraph (1), con-
21 tains recommendations for legislation to facilitate
22 further streamlining and improvement of the proc-
23 ess.

1 **SEC. 305. COST OF SERVICE STUDY.**

2 (a) IN GENERAL.—Not later than 2 years after the
3 date of enactment of this Act, the Administrator shall
4 enter an arrangement with the Academy under which the
5 Academy shall complete and provide to the Administrator
6 the results of a study of the means by which public water
7 systems and treatment works selected by the Academy in
8 accordance with subsection (c) meet the costs associated
9 with operations, maintenance, capital replacement, and
10 regulatory requirements.

11 (b) REQUIRED ELEMENTS.—

12 (1) AFFORDABILITY.—The study shall, at a
13 minimum—

14 (A) determine whether the rates at public
15 water systems and treatment works for commu-
16 nities included in the study were established
17 using a full-cost pricing model;

18 (B) if a full-cost pricing model was not
19 used, identify any incentive rate systems that
20 have been successful in significantly reducing—

21 (i) per capita water demand;
22 (ii) the volume of wastewater flows;
23 (iii) the volume of stormwater runoff;

24 or

25 (iv) the quantity of pollution gen-
26 erated by stormwater;

1 (C) identify a set of best industry practices
2 that public water systems and treatment works
3 may use in establishing a rate structure that—

4 (i) adequately addresses the true cost
5 of services provided to consumers by public
6 water systems and treatment works, in-
7 cluding infrastructure replacement;

8 (ii) encourages water conservation;
9 and

10 (iii) takes into consideration the needs
11 of disadvantaged individuals and commu-
12 nities, as identified by the Administrator;

13 (D) identify existing standards for afford-
14 ability and the manner in which those stand-
15 ards are determined and defined;

16 (E) determine the manner in which afford-
17 ability varies with respect to communities of
18 different sizes and in different regions; and

19 (F) determine the extent to which afford-
20 ability affects the decision of a community to
21 increase public water system and treatment
22 works rates (including the decision relating to
23 the percentage by which those rates should be
24 increased).

1 (2) DISADVANTAGED COMMUNITIES.—The
2 study shall, at a minimum—

3 (A) survey a cross-section of States rep-
4 resenting different sizes, demographics, and
5 geographical regions;

6 (B) describe, for each State described in
7 subparagraph (A), the definition of “disadvan-
8 taged community” used in the State in carrying
9 out projects and activities under the Safe
10 Drinking Water Act (42 U.S.C. 300f et seq.);

11 (C) review other means of identifying the
12 meaning of the term “disadvantaged”, as that
13 term applies to communities;

14 (D) determine which factors and character-
15 istics are required for a community to be con-
16 sidered “disadvantaged”; and

17 (E) evaluate the degree to which factors
18 such as a reduction in the tax base over a pe-
19 riod of time, a reduction in population, the loss
20 of an industrial base, and the existence of areas
21 of concentrated poverty are taken into account
22 in determining whether a community is a dis-
23 advantaged community.

24 (c) SELECTION OF COMMUNITIES.—The Academy
25 shall select communities, the public water system and

1 treatment works rate structures of which are to be studied
2 under this section, that include a cross-section of commu-
3 nities representing various populations, income levels, de-
4 mographics, and geographical regions.

5 (d) USE OF RESULTS OF STUDY.—On receipt of the
6 results of the study, the Administrator shall—

7 (1) submit the study to Congress;

8 (2) submit a report that describes the results of
9 the study; and

10 (3) make the results available to treatment
11 works and public water systems for use by the pub-
12 licly owned treatment works and public water sys-
13 tems, on a voluntary basis, in determining whether
14 1 or more new approaches may be implemented at
15 facilities of the publicly owned treatment works and
16 public water systems.

17 (e) AUTHORIZATION OF APPROPRIATIONS.—There is
18 authorized to be appropriated to carry out this section
19 \$1,000,000 for each of fiscal years 2008 and 2009.

20 **SEC. 306. WATER MANAGEMENT STUDY.**

21 (a) IN GENERAL.—As soon as practicable after the
22 date of enactment of this Act, the Administrator shall
23 enter into an arrangement with the Academy under which
24 the Academy shall conduct a study, during the 26-month
25 period beginning on the date of enactment of this Act, of

1 innovative, effective, and systematic approaches for the
2 management of water supply, wastewater, and stormwater
3 in urban areas and surrounding communities (including
4 greenfield developments) in the United States and other
5 countries.

6 (b) REQUIREMENTS.—In carrying out the study
7 under this section, the Academy shall—

8 (1) pay particular attention to soft-path or low-
9 impact approaches to the management described in
10 subsection (a); and

11 (2) consider the costs of approaches that are
12 analyzed.

13 (c) FUNDING.—The Administrator shall provide to
14 the Academy a grant in the amount of \$1,000,000 for the
15 period of fiscal years 2009 through 2011 for use in car-
16 rying out the study under this section.

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